Common Origination Listening and Design Session
San Antonio, Texas
December 13-14, 1999

General Meeting Notes, Feedback and Next Steps

On Monday, December 13 and Tuesday, December 14 over 40 people from Schools, SFA and various software vendors all met in San Antonio, Texas. [See Participant Appendix.] These representatives came together with two common goals:

- **To gain input on ways to improve access to current SFA systems**

- **To further refine and design a common origination process**

Improving Access to Current SFA Systems
Monday, December 13, 1999

Activity 1 – Conduct Scavenger Hunt

The purpose of the exercise was to evaluate key attributes of current access channels to SFA products and services through a real-time, hands-on experience. The products and services for which access was evaluated included:
- Direct Consolidation Loans
- Direct Loan Entrance Counseling
- Direct Loan Exit Counseling
- Title IV WAN
- CPS
- Loan Origination
- SFA Coach
- NSLDS
- IFAP
- RFMS
- EAPP
- AAFS.

The group was divided into five teams of 8 or 9 members each. The teams worked together on both days. Each team was given 2 or 3 inquiries for which to scavenge. Scavenger assignments included:
- Find a recent "Dear Partner" (Colleague) letter (IFAP)
- Find an overview of the history of financial aid (SFA Coach)
- Find out when the next re-authorization workshop will be offered (IFAP)
- Find a financial aid transcript (NSLDS)
- Find an ISIR (ED Express)
- Find a SAR (CPS)
- Check on a student's previous financial aid over payment or default history (NSLDS)
- Check a student's balance (NSLDS)
- Find out when a student's loan was dispersed (Loan Origination)
- Check if a student has participated in loan counseling (Direct Loan Entrance Counseling).

Activity 2 – **Report on the Scavenger Hunt Experience**

During the scavenger hunt, participants recorded various data about their efforts. Guiding questions included:

- What was your overall experience of finding information? What could enhance that experience?
- Were all relevant data and information readily available? Was the process of getting the information simple? How can access to the information be improved?
- Does the software support the way you do your work?
- What other sources do you reference when you can not find the data or information you need?

Using answers to these questions, participants discussed the strengths and weaknesses of the existing systems. The following were the participants' responses:

Strengths of existing systems:	Weaknesses of existing systems:
– Better than it was 3 years ago – Quick response time – Certain information was easily available: Students in default Dear Colleague letter Loan disbursement Individual school reconciliation – Accessible 24 x 7 – All systems were browser enabled – Very helpful staff – SFA Coach – Significant improvements – Bookshelf – Continuous improvements of systems	– Jumping from site to site! – No commonality or help – Usability issues! Too much scrolling! – Outdated information – Not integrated – Search engine – Search results were not descriptive – Search results were not organized – Not beginner friendly/not intuitive – Not obvious which links were live – Not real time data – No links between applications – No data sharing – Unclear language – Could not make multiple queries – Query in student population associated with a school – Too much information – No common look/feel between applications – Lack of standards – Clumsy navigation – Groupings not intuitive – Required knowledge of structure to be able to navigate – Numerous passwords – Systems should be customizable by user – No obvious flags - stop signs – Difficult to find information: FFELP student level information Dates for Re-authorization Workshops Determining whether student had completed counseling History of Financial Aid Program

Activity 3 – Identify Key Characteristics of a Unified SFA "Front-End"

Through discussion after the scavenger hunt, participants identified characteristics of a single unified portal for schools. Characteristics identified by participants included:
- Need something like 1-800-Flowers or Lands End where you can try on the sweater (cited as examples of Best Practices)
- Push Capability
- Query Capability
- Ability to correct incorrect data online!
- Interactive customer service (Account Management).

Activity 4 – Identify Logical Groupings of SFA Products and Services

Through group consensus, a matrix was developed detailing which customer groups need which of the current SFA products, as follows:

Which Customer Group Needs Which Current Products?

SFA Products	Schools	Students/ Families	HS Counselors	Software Vendors	State Grant Agencies	Financial Partners
Direct Consolidation Loans	X	X				X
Direct Loan Entrance Counseling	X	X	X			
Direct Loan Exit Counseling	X	X				
Title IV WAN	X			X*	X	X
ED EXPRESS	X			X		
Loan Origination	X			X*		
SFA Coach	X		X	X	X	X
NSLDS	X	X			X	X
IFAP	X		X	X	X	X
RFMS	X			X*		
EAPP	X					
AAFS	X	X	X	X	X	X
FISAP	X			X		
FAFSA	X	X	X	X	X	X

* Denotes need to know to support system development performed by contractors.

Participants were then asked which systems they do not want. They responded that the following systems are not wanted:
- RFMS
- FISAP
- Title IV WAN.

Refining and Designing a Common Origination Process
Tuesday, December 14, 1999

The second day began with a discussion of possibilities for the future.

Activity 1 – Discuss Possibilities for the Future

Three presentations were given covering Access America, Commercial Best Practices- Finance, and Commercial Best Practices- Web Portals. Each presentation is summarized separately below.

Presentation 1:   Original Main Ideas for Access America

Greg Woods [COO, SFA] spoke about Access America's original concept.
1. Web Access √ (accomplished)
2. Digital Identity √ (almost there)
3. Single Account Statement for students (not yet there)

Presentation 2:   Financial Industry Trends and Best Practices

Steve Shane [Partner, Andersen Consulting] spoke about best practices in the finance industry.
1. Competitive Landscape: Convergence and Globalization
2. eCommerce: Internet and "24 x 7" Access
3. Customer Relationship Management: Segmentation and Linked Relationship Information
4. Process Reengineering: Risk Adjusted Processing
   What is industry standard?
   Profit world will not always reconcile to the penny.
   - Tolerance level may be $100 or even $1,000.
   - If default period goes too long, pursuing loan not worth it.
   We need to quantify industry practice.
   - Why do we now have set cutoffs?
   - By quantifying industry practice, we could make the case [to lawmakers] for greater tolerance level.

Presentation 3:   Commercial Portals Best Practices

Steve Hawald [CIO, SFA] spoke about commercial best practices for web portals and previewed a possible SFA portal prototype.
1. Autobytel.com: Whole journey in **one** website.
2. HomeAdvisor(MSN): Journey tabs at top that can be tailored to the individual user.
3. Characteristics of SFA Portal Prototype 0.0:
   Journey tabs(Schools Portal)
   Customizable
   What other services look like through your eyes, the Financial Aid Advisors (This portal would drive integration efforts going forward.)
   Standardized "uglyware"

Discussion:

After the presentations, the whole group discussed the capabilities of the proposed SFA portal. Questions and comments regarding the SFA portal included:
1. Search engine? Does this search all SFA sites?
2. Hot links are on initial portal; would prefer links on schools page.
3. Can we tap into Video Conference from page?
4. Want "Push" technology, such as automated reminders (e.g. "Your FISAP is due, Karen.")
5. Are you considering advertising?
   Are you selling things to students on students portal?
   Will there be discounts for students with disclaimers?
6. Want ability to customize by individual on campus!
7. Generic portal for non-ID log-in also needed.
8. Is the idea of a portal good?
   Group consensus: Yes!

Activity 2 – Review and Explain Conceptual Model

Next, Micki Roemer [Student Financial Aid Administrator, Tarrant County College] presented the conceptual model results from the December 6-7 focus group discussions held in Washington, D.C.

In summary, this model brought forth the best concepts from past initiatives, including:
- Project EASI
- ACCESS America
- NACHA Common Origination and Disbursement Workgroup
- Modernization Blueprint.

The goal of the new model is "To get the <u>right</u> funds, to the <u>right</u> students, at the <u>right</u> time."

Then new model's key characteristics include:
- Common ID
- Single student record
- Good for cleaning up difficult individual cases
- Timely access for users to the data needed to support their decisions
- Data from the best possible sources, as close to real-time as possible
- Edits that provide value to the transaction, ensuring compliance.

Working model process components include:
1. Obtain Applicant Data
2. Determine Applicant Eligibility
3. Determine Award
4. Notify
5. Obtain Funds
6. Disburse
7. Close-Out

The following flow-chart of the working model was shown during Micki's presentation:

Conceptual Working Model
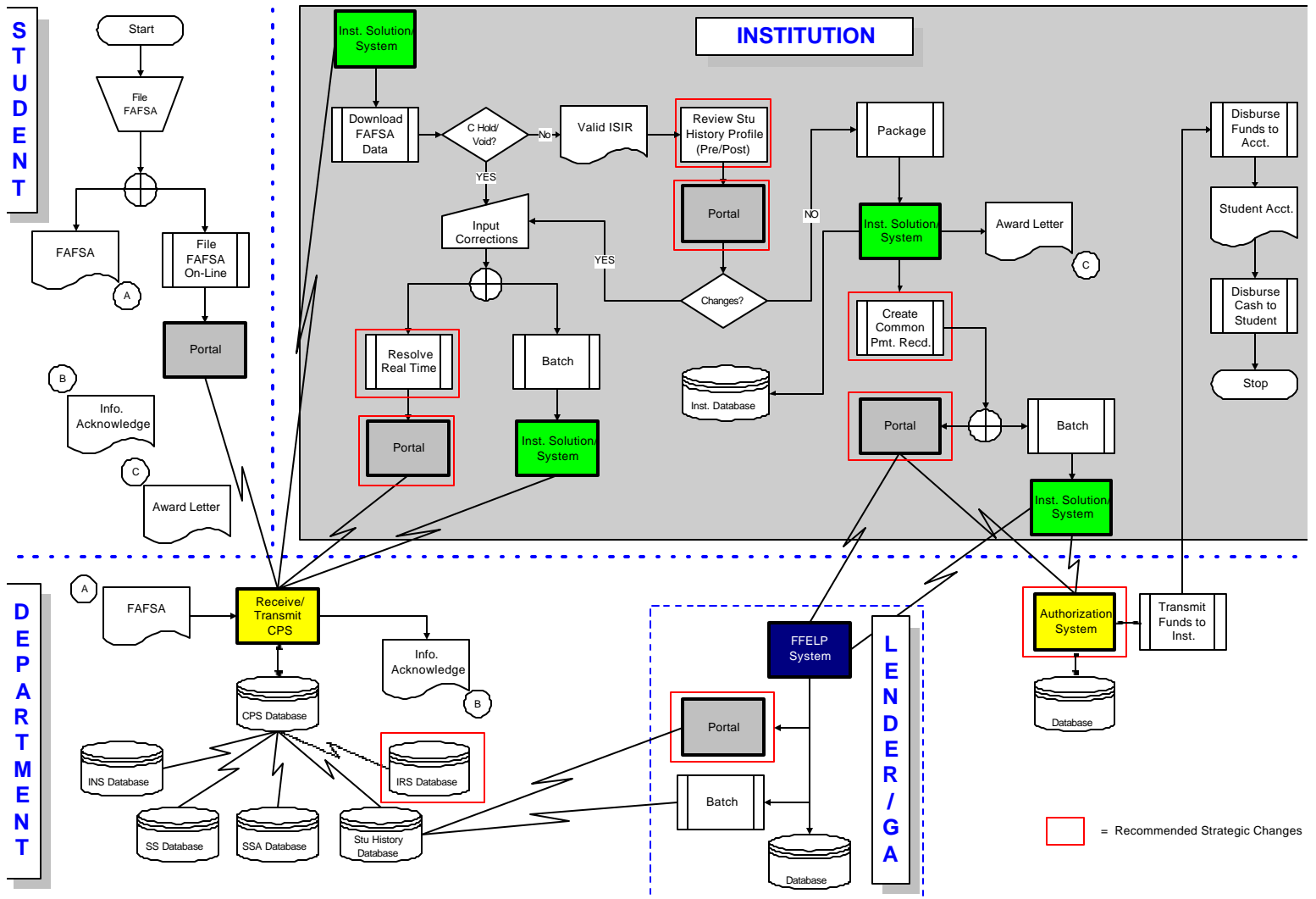
After Micki's presentation, Kay Jacks closed out this portion of the day by confirming the participants' general support of the model. The participants especially liked the six key characteristics listed above.

Activity 3 – "Stress-Test" the Conceptual Working Model

After Kay Jacks received buy-in to the proposed common origination model capabilities, the five participant groups each separately identified and agreed to their two top refinements to be made to the working model. The groups then reported their recommended refinements and discussed them with the entire group. Following is a compilation of the participant groups' recommendations and comments:

- Do not want to retain bogus social security number; having to track these is a waste
- Software should sit at ED (on someone else's server)
- What about batching? We want it available as an option.
- Does it need user interface? Would like school to replicate as the master.
- Gives institutions as much choice as possible
- One log-on does it all
- Drive this down to 2 or 3 common denominators
  Common origination and disbursement record
  Customer service
- Need real-time virtual integration
- Provide processing flexibility- how schools sequence processing
- Common Directory
- Industry standard formats (vendor request)
- Ability to correct data outside institution (two-way)
- Make ED Express modular- so schools can incorporate modules in their information systems
- Ability to make changes using purchased software to populate ED's database real-time
- Allow electronic award notification
- Institution is the final authority over their data
- Be able to handle dual enrollment
- Be able to handle enrollment at multiple institutions during the year
- Be sensitive to lead time required for software vendors to incorporate changes
- Allow institutions to request data in the file sizes that they want (i.e. do not send multiple SAR* files, allow the institution to query database and get the information when they want it)
- Allow outside agencies into process- via portals
- Ensure data security
- Establish processing windows- when does data have to be received to be processed overnight?
- Establish standards on transaction processing
- Accommodate institutional disbursement model (i.e., hold-release, disburse all, etc.)
- Add balancing capability to process for schools.

Activity 4 – Identify Advantages and Limitations of Conceptual Working Model

As a single group, all participants discussed the advantages and limitations of the common origination conceptual model. The following were the consensus of the group:

Identified Advantages:	Identified Limitations:
– Being able to take care of 2% of students that take up 75% of our time (timesaver) – Flexibility – Oversight and regulatory issues (Historically, government doesn't trust.) – Can we use new tools to address oversight issues?	– Just in time cash management – Need a testing process (ground) similar to Access America – Identify differences between institutions – Other agencies that we deal with must be real-time to reap benefit – Need to identify who owns which processes (e.g., Auditing information twice adds no value.)

Some clarifications from the morning session were also discussed, as follows:
- Some process elements missing from conceptual model; right side of model needs to fleshed out
- Loan history data is a utility of the federal government; highest level source to summarize this information across sources
- How to allow student/family to view their data? (Go to institution where permissible, otherwise hit ED database to display information for the students.)
- Want different levels of flexibility for schools who need more edits (Trust is an issue at school level.)
- Want to be able to see in-process loan for a "family" ("Click & Fetch" does not store this information.)

Activity 5 – Identify and Discuss Potential Rule Changes

Separately, each group then identified and agreed to the top two potential rule changes it would recommend be made to facilitate implementation of the working model. The five groups reported their recommended rule changes to the group as a whole. Following is a compilation of the participant groups' recommended potential rule changes:

Allow schools greater latitude to serve students/ be more proactive
▪ Eliminate hard and fast deadline dates that prohibit schools from servicing students who have complex situations- application deadlines, late disbursements, etc.
▪ Letting school have access to DRN numbers so that they can request ISIRs without having to send the student back to CPS to get the information
▪ Eliminate required "delays" in delivering funds to students- such as the 90 day delay for first time borrowers; requirements for redundant reporting
▪ Allow institutions to pilot their ideas
▪ Institution should choose when certification occurs- This allows the institution to determine when they should report/originate an award based on their institutional needs.
Align competing regulatory issues and sources
▪ Common rules on administering the programs, such as treatment of over awards (i.e. FFELP and CB); rounding requirements; reporting requirements; late disbursements, etc
Disbursement regulations
▪ Minimize disbursement regulations- revise them to reflect new processes, evaluate whether old regulations still apply in the new environment, allow institutions greater responsibility for confirming eligibility and less edits on the back end
▪ Regulations governing origination/disbursement will require changes
▪ Revisit Buckley Amendment- Address potential changes that may be required when we move to a more automated and integrated electronic environment. Address security issues related to electronic communication.
▪ Return of Title IV funds- the new rules will need to be changed- they will adversely affect disadvantaged populations
▪ Rules of non-performance (drug laws).- If these are not required to be verified by the institution, and there aren't good sources for secondary confirmation, why do the exist?
Disbursement process
▪ Simplify entrance and exit requirements (timing, content, segmenting populations). Allow institutions latitude in when they conduct counseling in their process to allow them to customize to meet the specific needs of their students.
▪ Evaluate which signatures must be required and how to transition allowing electronic signatures to replace all of the "wet" signatures.
▪ Notification requirements- eliminate notices that do not add value to the transaction, but merely communicate redundant data.
▪ Evaluate appropriateness of edits- Make sure that all edits add value to the transaction and occur at the appropriate time in the process. Define which edits must be performed by the schools, so that they do not have to be redone at ED.

▪ **Disbursement process (cont'd)**
▪ Cash management- look at it in terms of JIT "Lite"- Allow institutions to report a common origination/disbursement record that allows the school to submit one record, one time to communicate their award information, meet their reporting requirements and request funds for supporting disbursements to the students. Schools then provide updates only on information that changes. Funds are released based on the date the school requests to disburse and are available to the institution at the time they are trying to disburse.
▪ Look at establishing sensible tolerances for reconciliation, return of funds- Schools are looking at materiality. There are errors in the current system that cannot be corrected and continuously show up on reports that say that the school is not reconciled- even when that error may be $1 or $2- or immaterial to the program.
▪ Make sure disclosures are valid and that each adds value to the transaction
▪ Eliminate reporting of verification status
▪ No penalty of changes in eligibility that occur after disbursement- Schools want to lock in eligibility on the day that they pay the student and not have to deal with subsequent changes.
▪ FFELP re-certification
▪ FERPA issues- make sure it applies to today's issues
Privacy issues
Security issues- digital signatures, digital certificates, etc.
Digital access
▪ Ability to use digital signatures to replace ink always
▪ Minimize paper where possible (if school desires)
▪ Digital process should not be more cumbersome than paper and should not have more compliance requirements
▪ Data sharing- who owns the portals, ensuring best source data
▪ Standardize requirements for paper and electronic methods (no additional requirements)

- **Activity 6 – Develop Rule Elimination "Wish-List"**

The five groups were then asked to develop a "wish-list" of the top two rules they would *eliminate entirely* if they could. The groups then reported back their recommendations, as follows:

- Notification requirements (no paper required, return receipt not required)
- Elimination of different rules for different programs (make Title IV rules be common)
- No ink signatures required (digital can replace)
- Return of Title IV funds
- More flexibility in entrance/exit counseling
- No return receipt on e-mails required for electronic notifications
- Right to cancel $\Rightarrow$ No paper required (Post E.F.T)
- Notification not required (Post E.F.T.).

Activity 7 – Identify Next Steps

To close out the conference, Kay Jacks led a discussion of next steps. Participants outlined 5 major initiatives for development. The scope for each initiative was then agreed upon. The initiatives are listed below, and those parties interested in participating in each are indicated.

Initiative	Scope	Interested Parties
1. Build Portal II for Schools	▪ Flesh out design for ultimate portal ▪ Link current "uglyware" in a Phase 1 portal ▪ More than just origination/ disbursement ▪ Must have ties/links to origination process	▪ Bennett College ▪ GWU – Will Womack ▪ Tarrant County College ▪ University of Florida – Karen Fooks ▪ UMKC ▪ Virginia Tech – Susan Brooker-Gross, Barry Simmons ▪ Citicorp – Bill Banks ▪ DeVry ▪ PeopleSoft ▪ Sigma Systems – Randy Timmons
2. Build and Test Digital Signatures	▪ Try it now	▪ Dakota Wesleyan University – Wilma Hjellum ▪ Florida State University – Randy Taylor ▪ GWU – Alexa Kim, Guy Jones ▪ Iowa State University – Earl Dowling ▪ Tarrant County College – Cathie Jackson ▪ UMKC – Pat McTee ▪ University of Alaska Anchorage ▪ University of Northern Colorado – Donni Clark ▪ Virginia Tech – Barry Simmons, Susan Brooker-Gross ▪ Citicorp – Bill Banks ▪ PeopleSoft ▪ Sigma Systems Inc. – Randy Timmons
3. Detail Design of Common Origination and Disbursement Model	▪ Stress test ▪ Fine tune design ▪ Further refine design	▪ Dakota Wesleyan University – Wilma Hjellum ▪ GWU – Will Womack ▪ Tarrant County College ▪ University of Florida – Karen Fooks ▪ UMKC ▪ Citicorp – Bill Banks ▪ DeVry ▪ PeopleSoft – Harriett Downer ▪ Sigma Systems Inc. – Randy Timmons
4. Evaluate Regulatory Implications	▪ Perform complete regulatory analysis ▪ Privacy rights ▪ Cash disbursement and management	▪ Dakota Wesleyan University – Wilma Hjellum ▪ Florida State University – Perry Crowell ▪ SPJC - Bill Pranske ▪ Tarrant County College ▪ University of Florida – Karen Fooks
5. Participate in Other Agency Pilots		▪ University of Alaska Anchorage (VA Pilot) ▪ UMKC ▪ St. Petersburg Jr. College – Ray Pranske (VA Pilot) ▪ Tarrant County College (Wave; Post Office; IRS; etc.) ▪ DeVry

Participant Appendix

No.	Group	First	Last	Representing	Loan Program	Software	Enrollment
1.		Perry		Florida State University			
2.	5	Karl	Augenstein	Andersen Consulting			
3.	2	Tom	Babel	DeVry Institute of Tech-DuPage	DL	SIS-Legacy System, Powerfaids for Packaging, ED	3,400 (Proprietary, 4yr)
4.	2	Bill	Banks	Citibank			
5.	4	Sharon	Barfield	NCS			
6.	5	Susan	Booker-Gross	Virginia Polytechnic Institute			
7.	2	Andy	Boots	SFA			
8.	1	Donni	Clark	University of Northern Colorado	FFELP	Sigma/Pinnacle	10,000 (Public, 4yr)
9.	4	Charlie	Coleman	Access America for Students			
10.	4	Dan	Davenport	University of Idaho	DL		11,113 (Public, 4yr)
11.	2	Diana	Davidson	Internal Revenue Service			
12.	Leader	John	Dolan	Andersen Consulting			
13.	3	Earl	Dowling	Iowa State University	DL	Homegrown	25,000 (Public, 4yr)
14.	4	Harriett	Downer	PeopleSoft			
15.	1	Adam	Essex	Access America for Students			
16.	1	Tim	Flynt	New York University	FFELP	SCT/IA IDMS Version / EDExpress	36,000 (Private, 4yr)
17.	1	Karen	Fooks	University of Florida	DL	Homegrown	40,000 (Public, 4yr)
18.	5	Steve	Hawald	CIO, SFA			
19.	3	Wilma	Hjellum	Dakota Wesleyan University	FFELP		700 (Private, 4yr)
20.	3	Molly	Hockman	Access America for Students			
21.	1	Richard	Inman	Tarrant County College			
22.	4	Kay	Jacks	General Manager, Schools, SFA			
23.	3	Maureen	Johnston	University of South Florida	FFELP	SCT/Banner	36,000 (Public, 4yr)
24.	5	Jackie	Kessler	SCT			
25.	5	David	Marr	KPMG			

Participant Appendix (cont'd)

No.	Group	First	Last	Representing	Loan Program	Software	Enrollment
26.	4	Darryl	Marshall	Florida State University	FFELP	Homegrown	30,000 (Public, 4yr)
27.	5	Patrick	McTee	University of Missouri-Kansas City	DL	SAMS SIGMA	10,000 (Public, 4yr)
28.	1	Margaret	Melhem	Phoenix			
29.	4	Ed	Moyer	Wilkes University	FFELP	SCT/Banner	3,181 (Private, 4yr)
30.	3	Jan	Napitonia	PHEAA			
31.	3	Michael	Norton	Department of Labor			
32.	5	Linda	Paulsen	Acting CFO, SFA			
33.	3	Steve	Petchon	Andersen Consulting			
34.	2	Ray	Pranske	St. Petersburg Junior College	FFELP	Converting to PeopleSoft	31,000 (Public, 2yr)
35.	5	Micki	Roemer	Tarrant County College	DL	Homegrown	25,000 (Public, 2yr)
36.	2	Neil	Sattler	Access America for Students			
37.	2	Gloria	Scott	Bennett College			
38.	2	Steve	Shane	Andersen Consulting			
39.	5	Maria	Shaulis	University of Central Florida	FFELP	Homegrown moving to PeopleSoft	27,000 (Public, 4yr)
40.	3	Barry	Simmons	Virginia Polytechnic University	DL	SCT/Banner	27,000 (Public, 4yr)
41.	2	Randy	Taylor	Florida State University			
42.	1	David	Temoshok	General Services Administration			
43.	3	Randy	Timmons	Sigma			
44.	1	Rob	Unger	NACHA			
45.	1	Ted	Van Hintum	Social Security Administration			
46.	2	Jeanne	Van Vlandren	General Manager, Students, SFA			
47.	2	Rick	Weems	University of Alaska	FFELP	SCT Banner/EDExpress	18,000 (Public, 4yr)
48.	4	Marge	White	Title IV Delivery, SFA			
49.	5	Will	Womack	George Washington University	FFELP	SCT/Banner starting with EDExpress	16,000 (Private, 4yr)
50.	1	Greg	Woods	COO, SFA			